

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

A CERTIFICATION OF THE CARRIERS)	
RECEIVING FEDERAL UNIVERSAL)	ADMINISTRATIVE
SERVICE HIGH-COST SUPPORT)	CASE NO. 381

O R D E R

The Commission has entered Orders pursuant to the Federal Communications Commission (FCC) rules certifying that Verizon South, Inc. (Verizon) planned to use its forward looking high-cost support for authorized purposes for the calendar years 2000, 2001 and 2002.¹ Section 54.309 and Section 54.313 of the FCC rules require states to ensure that carriers² use the federal high-cost support for the provision, maintenance, and upgrading of facilities and services for which the support is intended. Also, states must ensure that federal support is being applied in a manner consistent with 47 U.S.C. § 254.³

¹ Federal-State Joint Board on Universal Service Ninth Report and Order and Eighteenth Order on Reconsideration (Ninth Report and Order), CC Docket Number 99-45; FCC 99-306, released November 2, 1999, Appendix C, § 54.313, and Administrative Case No. 381 Orders dated March 24, 2000 and September 29, 2000.

² Carriers are, in this context, defined as rural and non-rural incumbent local exchange carriers and eligible telecommunications carriers serving lines in the service area of a rural or non-rural incumbent local exchange carrier within their jurisdiction receiving support pursuant to § 54.309 (Calculation and Distribution of Forward-Looking Support for Non-Rural Carriers), § 54.311 (Interim Hold-Harmless Support for Non-Rural Carriers), and § 54.314 (State Certification of Support for Rural Carriers). It should be noted that only the incumbent local exchange carriers are eligible in Kentucky at this time.

³ Ninth Report and Order at ¶ 93-110.

On February 13, 2002, the Commission granted approval to Kentucky ALLTEL, Inc. (Kentucky ALLTEL) to acquire and operate the local exchange assets of Verizon in Kentucky.⁴ Kentucky ALLTEL has petitioned the Commission to be certified as an Eligible Telecommunications Carrier (ETC) and, therefore, be eligible to receive federal universal service support of the GTE Study Area and (non-rural under 47 C.F.R. § 54.313(b)) and its Contel Study Area (rural under 47 C.F.R. § 54.314(c)). Kentucky ALLTEL also asks this Commission to file a revised certification with the FCC pursuant to the FCC s orders.⁵

On November 26, 1997, the Commission granted ETC status to Verizon and all other incumbent local exchange carriers in Kentucky.⁶ Kentucky ALLTEL will continue to operate and provide the same services in the same manner as its predecessor pursuant to 47 U.S.C. § 214(e) and 47 C.F.R 54.201-207.

Kentucky ALLTEL has certified to the Commission that it will use federal universal service support for the purposes for which the support is intended. Kentucky ALLTEL proposes to use its universal service support to upgrade facilities to ensure

⁴ Case No.2001-00399, Petition by ALLTEL Corporation to Acquire the Kentucky Assets of Verizon South Incorporated.

⁵ In the Matter of Federal-State Joint Board on Universal Service Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers, Fourteenth Report and Order, Twenty-Second Order On Reconsideration, and Further Notice of Proposed Rulemaking in CC Docket No. 96-45, and Report and Order in CC Docket No. 00-256; FCC 01- 157, Released May 23, 2001. See generally ¶¶ 185-193.

⁶ Administrative Case No. 355, An Inquiry Into Local Competition, Universal Service, and the Non-Traffic Sensitive Access Rate; and Administrative Case No. 360, An Inquiry Into Universal Service and Funding Issues.

rural services are reasonably comparable to urban services and to continue to use its federal support to maintain its current rates as allowed by the FCC.⁷

The Commission finds that Kentucky ALLTEL should be granted ETC status and that its proposal to use federal support to upgrade facilities to maintain its embedded rates is consistent with the requirements of federal and state law.

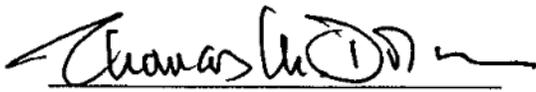
IT IS THEREFORE ORDERED that:

1. Kentucky ALLTEL is designated as an ETC throughout the current service territory of Verizon effective upon the transfer of assets to Kentucky ALLTEL.
2. Kentucky ALLTEL is hereby certified as complying with the FCC's criteria and, accordingly, is eligible to receive federal Universal Service Fund support.
3. A copy of this Order shall be served upon the FCC and the Universal Service Administrative Company.

Done at Frankfort, Kentucky, this 19th day of July, 2002.

By the Commission

ATTEST:


Executive Director

⁷ Ninth Report and Order, ¶ 106.